

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 PA-01 PRS-01 /082 W

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R 251620Z JUL 77

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 9735

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E.O. 11652: NA

TAGS: PINT, ELAB, GB

SUBJECT: PRESIDENT RAISES MINIMUM WAGE

SUMMARY: IN SPEECH OF JULY 21, PRESIDENT BONGO ANNOUNCED INCREASE IN MINIMUM WAGE AND CREATION OF PROGRESSIVE "TAX" ON HIGH INCOMES. END SUMMARY.

1. IN SHORT RADIO TV SPEECH TO NATION ON JULY 21, PRESIDENT BONGO ANNOUNCED INCREASE IN MINIMUM WAGE FROM 23,000 CFA (\$95) PER MONTH TO 30,000 CFA (\$125) EFFECTIVE AUGUST 1. WHILE MINIMUM WAGE TO RISE, PRESIDENT INSTRUCTED THAT CHANGE SHOULD NOT AFFECT PRESENT SALARY SCALE FOR THOSE ALREADY EARNING OVER 40,000 CFA (\$165) PER MONTH. STATED RATIONALE FOR DECISION WAS TO ASSIST LESS FAVORED CITIZENS AND THUS ALLOW THEM BETTER OPPORTUNITY TO BENEFIT FROM GABON'S ECONOMIC EXPANSION.

2. PRESIDENT ALSO ANNOUNCED CREATION OF PROGRESSIVE "TAX" ON MONTHLY INCOMES ABOVE 400,000 CFA (\$1650). BONGO STATED THAT MEASURE WOULD NATURALLY BE APPLIED TO ALL, INCLUDING MEMBERS OF GOVERNMENT, AND WOULD AFFECT PUBLIC, SEMIPUBLIC, AND PRIVATE INCOMES. MINISTER OF

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ECONOMY AND FINANCE TO BE RESPONSIBLE FOR COLLECTING "TAX" FROM GOVERNMENT SALARIES, AND REGULATIONS COVERING AMOUNTS DUE AND PROCEDURES FOR HANDLING SEMIPUBLIC AND PRIVATE INCOME TO BE PUBLISHED AT UNSPECIFIED FUTURE DATE.

3. PRESIDENT STRESSED SOCIAL AIM OF BOTH MEASURES AND

SAID THAT PRESENT DECISIONS HAD ONLY BEEN MADE AFTER LONG REFLECTION BY GOVERNMENT. HE INDICATED RECENT STUDY HAD SHOWN RANGE OF SALARIES IN GABON WAS EXCESSIVE AND REFORM WAS NECESSARY.

4. COMMENT: PROCLAMATION MAY BE CONSIDERED AS PRIMARILY LOW COST POLITICAL MOVE BY PRESIDENT BONGO TO DEMONSTRATE GOG' CONCERN FOR AVERAGE CITIZEN WITHOUT FURTHER OVER HEATING ECONOMY AND STRAINING GABONS TIGHT FINANCIAL SITUATION. EFFECT OF PROCLAMATION WILL BE TO KEEP INCOME OF LOWEST PAID GABONESE EQUAL TO OR SLIGHTLY AHEAD OF PRESENT INFLATION RATE. VAST MAJORITY OF GABONESE WHO ALSO SUFFERING FROM INFLATION INDUCED REAL INCOME LOSSES, WILL BE UNAFFECTED. IT ALSO CLEAR THAT SINCE GOG LACKS EFFICIENT TAX MACHINERY, IT WILL BE MOST DIFFICULT FOR GOVERNMENT EFFECTIVELY TO TAX SEMI PUBLIC AND PRIVATE INCOMES OF OVER 400,000 CFA PER MONTH. STEIGMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINIMUM WAGE, PROGRESSIVE TAXES
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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